

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 FEA-01 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 /102 W

----- 051737

R 090415Z MAR 76

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 1890

INFO USDOC WASHDC

AMEMBASSY ABU DHABI

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

LIMITED OFFICIAL USE MUSCAT 0248

E.O. 11652: N/A

TAGS: ENRG EINV MU

SUBJECT: OMANGOV DECIDES TO GO AHEAD WITH GAS PIPELINE

REF: USCAT A-06

1. BEGIN UNCLASSIFIED. ACCORDING TO MARCH 6 EDITION OF GOV-ERNMENT BIWEEKLY, OMAN, DEVELOPMENT COUNCIL MET ON FEB. 23 AND MADE FIRM DECISION TO GO AHEAD WITH CONSTRUCTION OF PIPELINE TO BRING NATURAL GAS FROM OILFIELDS TO COAST. GAS WILL BE USED FOR POWER GENERATION, INDUSTRIALIZATION AND DOMESTIC USE. DEVELOP-MENT COUNCIL STILL STUDYING WAYS IN WHICH THIS PROJECT MIGHT BE FINANCED AND EXECUTED. END UNCLASSIFIED.

2. BEGIN LIMITED OFFICIAL USE. COMMENT: THIS PROJECT HAS BEEN IN MILL FOR ALMOST TWO YEARS. OMANGOV PURCHASED PIPE--  
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AT PRICE MUCH ABOVE WHAT THEY NOW THINK THEY SHOULD HAVE



PAID. HOWEVER, SINCE THEY WERE UNABLE TO CANCEL THAT DEAL, INVESTMENT IN PIPE HAS SERVED AS PRESSURE TO DEVELOP PROJECT FOR ITS USE. HOWEVER, LACK OF CAREFUL PLANNING IS VERY EVIDENT, AS NUMBER OF EXPERTS INCLUDING PD(O) TECHNICIANS CONTEST ASSUMPTION THAT FLOW OF NATURAL GAS SUFFICIENT TO WARRANT PIPELINE. FINALLY, ONLY PRESENT PROJECT ON COAST WHICH COULD USE GAS IS POWER/DESALINIZATION PLANT (WHICH ITSELF HAS BEEN PLAGUED BY MANY TECHNICAL PROBLEMS). OMANGOV IS NOW CONSIDERING CERTAIN LARGE INDUSTRIAL PROJECTS WHICH WOULD USE GAS FOR FUEL, INCLUDING STEEL REROLLING MILL.

3. EMBASSY QUESTIONS WHERE REPORTED FIRM DECISION OF DEVELOPMENT COUNCIL MIGHT LEAD. AS PREVIOUSLY REPORTED, ANY GAS UTILIZATION SCHEME WILL DEPEND ON RELATIVELY SIZABLE FOREIGN INVESTMENT--EITHER IN JOINT VENTURE OR IN GRANTS/LOANS FROM RICHER NEIGHBORS. WE HAVE HEARD THAT GOVERNMENT HAS STILL NOT DECIDED WHAT FIRM WILL LAY DOWN PIPELINE, AND THIS HAS DELAYED PROJECT.  
WOLLE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NATURAL GAS, CONSTRUCTION, GAS PIPELINES, PROGRAMS (PROJECTS)  
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